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1. NEW ISRAELI ALERT

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A new alert of Israeli forces opposite Jordan and Syria on 8 November, with "hundreds of city and interurban busses" lined up on the streets of Tel Aviv, is believed to indicate that preparation was being made for a heavy troop movement and possible initiation of hostilities against Jordan and Syria. This alert, however, appears to antedate the day-

long policy talks which preceded Prime Minister Ben-Gurion's announcement late on 8 November that Israeli forces would withdraw from the Sinai after UN forces occupied the Suez Canal zone.

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Israel's build-up opposite Jordan and Syria may reflect an intention to retaliate against sharply increased incursions into Israel by organized terrorist groups from those countries. On the night of 7-8 November fedayeen attacked along the entire Jordan border and in the Negev and Gaza areas.

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Israel may also feel that quick action to seize West Jordan is necessary in view of reports of possible Soviet military aid to Egypt, Syria and Jordan. Seizure of West Jordan would give Israel a defensible frontier. Its annexation has been a long-standing Israeli objective.

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2. SOVIET MECHANIZED UNITS MOVE OUT OF BUDAPEST

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During the evening of 8 November there was a steady movement of Soviet tanks and other motorized equipment both north and west out of Budapest. This has given rise to speculation about a move against the West or an attempt to bolster the Austrian border.

Comment

The termination of large-scale resistance in Budapest may be the occasion for this move. One of the Soviet divisions probably involved in quelling the riots normally is located to the west on the Austrian-Hungarian border. There is no evidence of substantial resistance to the north of the city or in Czechoslovakia near the Hungarian border.

The USSR's reaction to Austria's strong condemnation of Soviet aggression in Hungary and alleged Austrian "interference" is not likely to go beyond a propaganda tirade or a Soviet show of force on the border.

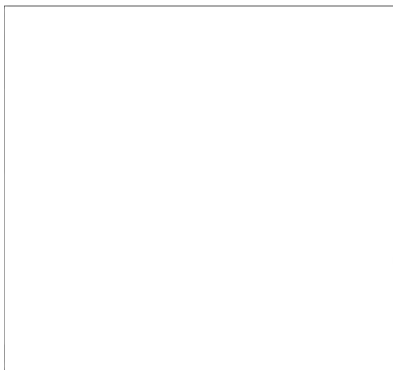
Reports of other Soviet ground force movements--massing on the Polish border and tank units entering Bulgaria--have not been confirmed.

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4. SLOWDOWN OF BRITISH TROOP MOVEMENTS

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Britain has postponed troop sailings from Britain to the Mediterranean. The troopship Empire Orwell did not leave Southampton as scheduled on 7 November and, [redacted]

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[redacted] will not depart before 9 November, if then. British press reports of 8 November stated

that the troopships Devonshire and Empire Clyde, scheduled for departure on 9 November with 2,000 support troops, had been delayed because of the cease-fire. These postponements cancel all known planned 7-9 November shipments, which were to carry the last elements of the 3rd Infantry Division. None of the ships which left earlier is known to have turned back. The first was due to reach Malta on 9 November.

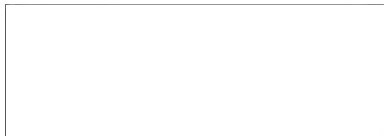
The British Air Ministry announced on 7 November that three squadrons each of Canberra and Valiant jet bombers, almost half of the jet bomber strength based on Cyprus and Malta, are now on their way back to Britain. [redacted]

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**5. LABOR PARTY ADVISER COMMENTS ON
BRITISH SITUATION**

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Denis Healey, close adviser to Hugh Gaitskell on foreign affairs, states that Eden may be able to hang on for a few weeks or months only because the Conservatives cannot agree easily on his successor. Healey thinks that even the center of the Conservative party may turn against Eden as the extent of Britain's "disaster" becomes more obvious.

The British Laborite charges Eden has destroyed all the basic tenets of Britain's postwar foreign policy, and that no one in the Commonwealth or Asia will trust Eden any longer. He says trouble in the Middle East is not over, and every Arab will say that Britain and France gave in because of the Soviet threat. Healey believes Nasr will remain and rebuild his prestige among the Arabs.

6. THE HUNGARIAN SITUATION

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Although some resistance centers in the provinces appear to have been eliminated by Soviet troops, fighting has continued in Budapest on a diminished scale and apparently in the uranium mine area near Pecs in southwest Hungary.

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The Kadar regime has admitted that famine threatens Budapest and has called on all workers to ensure the delivery of food supplies. "Transport in the territory of Budapest," a 7 November broadcast declared, "is in a shattered condition; work has ceased in the factories." According to a press report, the USSR has authorized the entry into Hungary on 9 November of an International Red Cross convoy carrying medical supplies for Budapest.

The government has issued a series of decrees designed to re-establish its political and economic authority throughout the state. Government ministries have been ordered to resume operations on the basis of their 1 October organization, civil service workers have been ordered to return to their jobs by 10 November, and the prerevolutionary executive committees of regional governing bodies have been designated as the ruling authorities in the provinces. Revolutionary bodies formed early in the uprising will be permitted to serve in an advisory capacity within regional governments and within the various ministries, but they have been ordered to disband within the Hungarian military forces, since "they have rendered central direction

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in the army impossible." This order, signed by the increasingly important deputy premier Ferenc Muennich, in his capacity as vice chairman of the Council of the Armed Forces, also instructed members of the army at present in barracks to remain at their posts, and members who have become separated from their units to stay where they are until further measures are announced.

Unconfirmed rumors are circulating in Hungary that Soviet units are rounding up young Hungarian men in Budapest for deportation to the USSR.

7. USSR EXTRACTED POLISH SUPPORT AT UN WITH THREAT OF OCCUPATION

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Polish first secretary Gomulka agreed to support the Soviet Union in the United Nations on the Hungarian issue only because of a vigorous Soviet threat to occupy Poland if he failed to do so, [REDACTED]

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[REDACTED] An emergency session of the Polish politburo held on 4 November had considered the possibility of abstention on the issue. The USSR reportedly offered several concessions to soften the threat, including agreement to the dismissal of Marshal Rokossowski as minister of national defense and his replacement by General Berling, commander of the wartime Polish Communist army which fought with the Soviet armies.

[REDACTED] Gomulka

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stated at a recent private gathering that he believes the main problem of Polish foreign policy remains the German danger, and that only the friendship of the USSR will guarantee for Poland the maintenance of the Oder-Neisse line. This theme has been stressed in recent Polish propaganda and probably was a major factor in Polish unwillingness to differ openly with the USSR.

In spite of this unwillingness to oppose Soviet policy, Polish propaganda has not endorsed Soviet intervention in Hungary. According to the American embassy in Warsaw, the press has approached the situation "as though disarming a time bomb," and most of its statements on the subject have been in general terms. The populace has expressed revulsion at Soviet actions, and a large but orderly demonstration of students waving Hungarian banners decorated in black took place in Krakow on 5 November. [REDACTED]

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8. POLES MAY ABANDON FIVE-YEAR ECONOMIC PLAN

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The Poles are prepared to abandon the current five-year economic plan (1956-60) as being of dubious "practical importance," and to devise instead a short-term, possibly two-year program, according to

Trybuna Ludu, Polish Communist Party paper.

The paper noted that the five-year plan was prepared under conditions of "undue optimism," and that a number of its provisions are "not suitable for the new economic plan."

Comment

The principal purpose of revising the economic program would be to moderate the previous Soviet-imposed emphasis on heavy industry, which is a basic cause of Poland's present economic difficulties. Gomulka, in his 21 October speech, stated that Polish industry had been developed too swiftly to maintain a balance with other economic sectors. A change in the Polish plan would probably affect over-all co-ordinated bloc plans, but the extent of the effect cannot be gauged until details of the plan are released.

A more rational economic program would tend to decrease trade with the other bloc countries and increase it with non-Communist countries. To prevent this loosening of economic bonds, the Soviet Union reportedly is willing to grant Poland a million tons of wheat (worth \$60-75,000,000), enough to meet the country's import requirements for one year.

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9. CHINESE COMMUNIST TREATMENT OF SUEZ HOSTILITIES

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Peiping's current propaganda on the Suez crisis has assumed the dimensions of a major campaign comparable to the "liberate Taiwan" movement in 1954.

Regional broadcasts and many of Peiping's foreign language programs are devoting virtually their entire news coverage to reports of Egyptian developments. "Spontaneous" mass demonstrations in support of Egypt are reported all over China.

The Chinese Communist line generally parallels that of the Soviet Union, but in some respects Peiping goes further than Moscow in its denunciation of Britain and France and in attacks on the United States. In their official statement of 8 November, for example, the Chinese called American support of the Canadian proposal for a UN police force part of a "vile scheme" to take over Egyptian territory. The US rejection of the Soviet proposal for joint Russian-American intervention is cited as evidence the US is "conniving at British and French aggression." Peiping may thus be acting as spokesman for the Sino-Soviet bloc to put across ideas Moscow itself hesitates to voice at this time.

On 7 November, Peiping broadcast a report that more than 250,000 Chinese have written the Egyptian ambassador to express their "ardent desire to volunteer." "Volunteer" participation is not mentioned in the 8 November statement, however, which says only that the Chinese government and people are willing to adopt "all effective measures within our ability, including the supply of material aid."

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